

# REPORT BY THE AUDITOR GENERAL OF CALIFORNIA

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## **THE DEPARTMENT OF SOCIAL SERVICES' REFUGEE RESETTLEMENT PROGRAM: RESPONSE TO QUESTIONS POSED BY THE LEGISLATURE**

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We found that, in administering the Refugee Resettlement Program, the Department of Social Services did not always provide clear and consistent guidance on interpreting control language in the 1981-82 Budget Act. Further, we found that the department had not adequately assessed program and provider performance in the past fiscal year. Such assessments are underway in the current fiscal year, however.

Our review also disclosed that the department generally followed its established procedures for selecting providers of social services. While these procedures included evaluating the past performance of these providers, we could not always verify that past performance was adequately evaluated. Finally, the lack of written procedures and specific criteria precluded our determining if the department consistently allocated funds to individual providers throughout the State.

REPORT BY THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

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THE DEPARTMENT OF SOCIAL SERVICES'  
REFUGEE RESETTLEMENT PROGRAM:  
RESPONSE TO QUESTIONS  
POSED BY THE LEGISLATURE

JANUARY 1982



# California Legislature

## Joint Legislative Audit Committee

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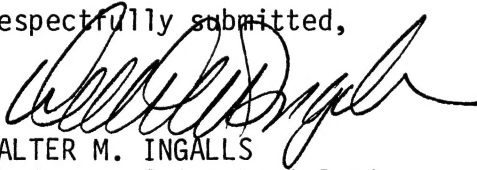
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The Honorable President pro Tempore of the Senate  
The Honorable Speaker of the Assembly  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report which answers specific questions posed by the Legislature concerning the Department of Social Services' Refugee Resettlement Program.

Respectfully submitted,

  
WALTER M. INGALLS  
Chairman, Joint Legislative  
Audit Committee

## TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	i
INTRODUCTION	1
STUDY RESULTS	
I    METHODOLOGY FOR SELECTING PROVIDERS	10
CONCLUSION	14
RECOMMENDATION	15
II   ALLOCATION OF FEDERAL FUNDS TO SERVICE REGIONS	16
CONCLUSION	18
RECOMMENDATION	19
III  ALLOCATION OF FUNDS TO SERVICE PROVIDERS	20
CONCLUSION	25
RECOMMENDATION	26
IV   IMPLEMENTATION OF THE BUDGET CONTROL LANGUAGE	27
CONCLUSION	35
RECOMMENDATION	35
V    MEASURABLE PROGRAM OBJECTIVES AND EVALUATION PROCEDURES	36
CONCLUSION	39
RECOMMENDATION	40
RESPONSE TO THE AUDITOR GENERAL'S REPORT	
Department of Social Services	42

## SUMMARY

The Department of Social Services is responsible for administering the Refugee Resettlement Program. The objective of this program is to make refugees socially and financially self-sufficient in the shortest possible time. To answer specific questions posed by the Legislature, we reviewed certain aspects of the Refugee Resettlement Program, including the methodology for selecting providers, the allocation of federal funds to service regions, the allocation of federal funds to the providers within those regions, the implementation of the control language in the 1981-82 Budget Act, and the procedures used to evaluate the effectiveness of the program and the performance of the providers.

In the area of provider selection, our review disclosed that the department's Office of Refugee Services (ORS) generally followed the procedures it had established for selecting providers of refugee services. These procedures included an evaluation of the past performance of providers. We also noted that these selection procedures were consistent with the procedural requirements outlined in the State Administrative Manual. However, during our review, we were not able to verify that the ORS always used quantifiable measures

when evaluating the past performance of providers. Consequently, even though the ORS obtained and used verbal comments, we have no assurance that the past performance of these providers was adequately evaluated.

Concerning the ORS' allocation of federal funds to the State's 14 service regions, we found that the allocations were based on the number of refugees receiving cash assistance within each region and that this methodology was consistently applied throughout the State. However, in allocating these funds to the regions, the ORS made a rounding error that resulted in \$165,073 in available funds that were neither allocated for contracts throughout the State nor used exclusively for employment-related services.

With regard to allocating federal funds to providers within the service regions, we found that the ORS did not always have written procedures for allocating these funds and that ORS officials could neither provide us with specific criteria nor specify how factors were weighted or ranked in making the allocations. As a result, we were unable to determine if the ORS allocated these funds in a consistent manner. We noted that the ORS did consult with some community agencies in developing its allocation methodology. In addition, our review revealed that the ORS was not always able to evaluate the cost-effectiveness of applicants' proposals

because these proposals contained insufficient budget data. As a result, there is no assurance that funds were allocated to the most cost-effective providers.

In examining the implementation of the control language in the 1981-82 Budget Act, we determined that the ORS did not always provide clear and consistent written guidance on interpreting this language. Consequently, we noted that some providers were confused about the ORS' policy on refugees' eligibility for services; this confusion resulted in vacancies in some providers' refugee programs. Furthermore, we noted that the ORS did not adequately pretest the forms used to implement the budget language. This problem may also have contributed to vacancies in the providers' refugee programs.

Finally, in reviewing the ORS' procedures for evaluating the performance of providers, we found that for federal fiscal year 1981, these evaluations were not always complete. However, the ORS has initiated actions to assess more adequately the effectiveness of both the program and the providers. Until the ORS' plans are implemented, there is no assurance that the objectives and goals of the program are being met.

## INTRODUCTION

In response to a request by the Joint Legislative Audit Committee, we have reviewed specific aspects of the Department of Social Services' administration of the Refugee Resettlement Program. This review was conducted under the authority vested in the Auditor General by Sections 10527 through 10528 of the Government Code.

We were asked to answer specific questions about the administration of the Refugee Resettlement Program in the department's Office of Refugee Services (ORS). We have grouped these questions into five general areas. The first area concerns the methodology used by the ORS to select providers of social (support) services for refugees. The second area includes the ORS' procedures for allocating federal funds for social services to the State's 14 service regions. The third area concerns the further allocation of those funds by type of service to the providers selected. The fourth area includes the ORS' implementation of control language in the 1981-82 Budget Act. Finally, the fifth area concerns the ORS' procedures for evaluating the effectiveness of the program and the performance of providers.



## BACKGROUND

The Office of Refugee Services, located in the Department of Social Services, administers the Refugee Resettlement Program and two smaller programs, the Cuban/Haitian Entrant Program and the Cuban Phasedown Program. The objective of the Refugee Resettlement Program is to make refugees socially and financially self-sufficient in the shortest possible time. The ORS is responsible for ensuring the efficient delivery of cash assistance, medical services, and support services to refugees arriving in California.

### Program History

Since the mid-1970's, the United States--and particularly California--has been the target of intense refugee migration from Vietnam, Laos, Cambodia, and, to a lesser degree, other countries such as the Soviet Union, Cuba, and Ethiopia. To meet the subsistence and medical needs of these diverse groups of people, the Federal Government organized and funded a series of ad hoc, nationality-specific programs such as the Indochinese Refugee Assistance Program.

Congress passed the Refugee Act of 1980 (Public Law 96-212) in order to replace these existing programs with a single, permanent Refugee Resettlement Program. The Act

authorizes the Federal Government to provide up to 100 percent reimbursement to the states for the costs of cash and medical assistance to needy refugees for a maximum of 36 months from the date of their arrival in the United States. In addition, the Act authorizes federal funding for support services intended to assist refugees in becoming socially and financially self-sufficient. Such services include employment services, vocational training, language and related training in addition to those delivered by county welfare departments.\*

The 36-month limit on the 100 percent federal funding for cash and medical assistance was not a provision of earlier refugee programs. States previously could expect continuing federal reimbursement. However, when this provision became effective on April 1, 1981, it increased the financial responsibility of state and county governments, which are now required to assume their share of public assistance expenses for those refugees who have been in the United States for more than 36 months. The Department of Social Services estimates that for the 1982 federal fiscal year, \$33 million in costs previously funded by the Federal Government will be shifted to California and its counties.

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\* County welfare departments provide such services as protective services to children, out-of-home child care services, and employment education and training.

California is expected to experience the impact of the 36-month limit more than any other state because it has over 35 percent of the nation's more than one-half million Indochinese refugees. Texas, the next most populous refugee state, has only one-fourth as many refugees as California. Moreover, the number of refugees in California is increasing. The Department of Finance estimates that the Indochinese refugee population will increase by about 4,000 per month in federal fiscal year 1982. Approximately 25 percent of the refugees are secondary migrants who come from other states.

Reduced federal funding for social services has also added to California's problem in administering the refugee program. In 1980, funding for social services totalled \$28.9 million. In 1981 this amount dropped to \$20.1 million. For 1982, the funding level for social services is uncertain. The table on the following page illustrates the Indochinese refugee population and the funding changes in California since 1975.

TABLE 1  
REFUGEE POPULATION AND FUNDING  
CHANGES IN CALIFORNIA SINCE 1975

<u>Year</u>	<u>Estimated Indochinese Refugee Population</u>	<u>Funding<sup>a</sup></u>		
		<u>Cash and Medical Assistance</u>	<u>Social Services</u>	<u>Total</u>
1975	27,199	\$ 2,348,359	--	\$ 2,348,359
1976	30,495	18,792,782	--	18,792,782
1977	36,196	23,261,340	--	23,261,340
1978	46,637	43,646,740	\$ 7,093,001	50,739,741
1979	56,500	69,761,467	11,652,162	81,413,629
1980	135,400	181,261,201	28,878,339	210,139,540
1981	208,000	317,902,700	20,065,073	337,967,773

<sup>a</sup> Calendar year basis, except 1981, which covers the federal fiscal year.

Source: Department of Social Services proposed 1982 State Plan for Refugee Assistance and Services. Figures were not audited by the Auditor General.

The Legislature, concerned about the growing number of refugees and the 36-month limitation on federal support, responded to the cuts in funding for social services by including specific budget control language in the 1981-82 Budget Act. This language restricted the amount of federal funds for social services allocated to county welfare departments and established priorities for how such funds are to be used.

In implementing the budget control language, the Department of Social Services provided only health-related services and those priority services specified by the Legislature. The authors of the budget control language reviewed the department's action and, in a recent letter to the department, stated that it was consistent with the budget control language.

#### State Program Organization

The director of the Department of Social Services is responsible for the State's Refugee Resettlement Program. The director is responsible for drafting and implementing a State Plan to meet the program's objective of expeditiously resettling refugees and aiding them in achieving economic self-sufficiency.\* In June 1980, the director established the Office of Refugee Services (ORS) to administer the daily activities of the program. Although the Federal Government recognizes the director of the Department of Social Services as the Coordinator for Refugee Services, the director reports to the Secretary for Health and Welfare, who chairs the Governor's Refugee Task Force. This group provides leadership and coordination of all public and private refugee assistance programs.

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\* The federal Department of Health and Human Services' Office of Refugee Resettlement in San Francisco monitors California's adherence to the State Plan. However, the 1982 State Plan, as of January 12, 1982, had not been formally approved by the Office of Refugee Resettlement.

The Office of Refugee Services has three bureaus. The Management Bureau develops and implements policies and systems related to the delivery of cash assistance and services to refugees. The Program Monitoring Bureau ensures the effective delivery of social (support) services. It monitors contractors by conducting on-site reviews throughout the State. The Fiscal Monitoring Bureau ensures fiscal integrity of the program and the proper use of federal funds. It also performs fiscal monitoring of the program's interagency agreements.

#### Constraints on Program Operations

Despite the increasing number of refugees in the State and the reduction in federal funds for social services, all available refugee training positions have not been filled. For the first six months of federal fiscal year 1982, the ORS contracted to serve a total of 17,100 refugees. However, as of December 28, 1981, an undetermined number of vacancies remained.

While the ORS acknowledges that problems exist, it cites past staffing shortages and a lack of time to implement the budget control language as having hindered effective program planning.\* The ORS also cites weaknesses in the

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\* The ORS began 1981 with 17 positions in its three bureaus and proceeded to add new staff during the year. Currently, the three bureaus have 46 positions.

federal administration of the program as having further hampered the ability of the ORS to plan for and effectively operate the program. For example, the Refugee Resettlement Program has been hindered because the Office of Refugee Resettlement is unable to commit a specific funding allocation to the states sufficiently before the period for which the allocation is intended. According to the ORS, as of August 1981, a month before the end of federal fiscal year, California had received less than \$5 million of the \$25 million "planning figure" that had been identified earlier by the Office of Refugee Resettlement as the State's share for social services. The final allocation for the federal fiscal year was only \$20 million. To compensate for this inefficient funding system, the Department of Social Services maintains that it has had to "forward fund" some of its social services providers. That is, the State reserves funds allocated in one fiscal year for services to be provided in the following fiscal year.

In addition, the federal Office of Refugee Resettlement has not issued formal regulations following the decision to absorb the Refugee Resettlement Program into existing public assistance programs. The result has been confusion and inefficiency at both the state and the county level. Further, voluntary resettlement agencies are responsible, under the State Department, for initial refugee

resettlement. These agencies perform various functions, including the provision of support services that may overlap or duplicate the services funded by the Refugee Resettlement Program.

### Scope of Review

We limited our review to addressing those questions contained in the request. During the course of our review, we interviewed state and federal officials and social services providers, and we visited the three ORS field offices and four Central Intake Units administered by those field offices.\* We reviewed the methodology used by the ORS to select social services providers and to allocate federal funds to the State's 14 service regions. We also analyzed the ORS' methodology for further allocating those funds according to the categories of services to be provided. Further, we examined the ORS' procedures for allocating these service-specific funds to the providers within the regions. Finally, we reviewed the procedures used by the ORS to evaluate the performance of providers.

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\* Central Intake Units are usually the initial contact points for refugees seeking services under the Refugee Resettlement Program.



## STUDY RESULTS

### I

#### METHODOLOGY FOR SELECTING PROVIDERS

We were asked to describe the methodology used by the Office of Refugee Services to select social services providers in the State's 14 service regions. In addition, we were asked to determine whether the past performance of providers was considered in this selection process.

Our review disclosed that the ORS generally followed the selection procedures that it had established, which included the evaluation of the past performance of providers. Further, we found no inconsistencies between these procedures and the procedural requirements outlined in the State Administrative Manual. During our review, we found that the ORS obtained verbal comments from program and fiscal monitoring staff to evaluate the past performance of providers. However, we could not verify that the ORS always used quantifiable measures to evaluate such performance. As a result, even though verbal comments were obtained and used, we have no assurance that the providers' past performance has been adequately evaluated.

## Description of the Provider Selection Process

To select providers of refugee services for federal fiscal year 1982, the Department of Social Services prepared a Request for Proposal (RFP) for social services contracts. Before sending the RFP to prospective bidders, the Office of Refugee Services sent a draft RFP to public and private agencies involved with refugee services and asked for recommendations concerning the percentage of funds to be allocated to each service. Some of these suggestions were used to clarify the selection and award criteria contained in the RFP. The final RFP was mailed to 890 prospective bidders. The ORS received proposals from 178 bidders, from which 56 were selected to provide services.

The ORS created one initial review team and two panels to screen proposals, select providers, and recommend funding amounts for potential refugee service providers. The initial review team screened all proposals for compliance with minimum RFP criteria, such as adhering to the filing deadline, format specifications, and required content. After this initial screening, proposals were reviewed by Panel I, which consisted of professional staff from the Department of Education and the Department of Social Services. Panel I evaluated the contractors' qualifications, the quality of the

proposed programs, and the projected costs of the proposals. Panel I then assigned a score to each proposal using the RFP selection and award criteria. A maximum of 100 points was possible.

Panel II, consisting of two ORS managers, reviewed all proposals that received passing scores from Panel I, and screened and scored these proposals using the same selection and award criteria. In addition, Panel II obtained verbal comments from program and fiscal monitoring staff about the performance of the previous year's providers. When presenting their comments to Panel II, monitoring staff followed an outline based on monitoring reports that were completed after each monitoring visit.

Also, Panel II screened and eliminated from further consideration all proposals submitted solely for mental health, social adjustment, or child care services. Based on the interpretation of the Budget Control Language and the reduction in federal funds received for federal fiscal year 1981, the department did not fund these services.\*

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\* The 1981-82 Budget Control Language became effective July 1, 1981, after the May 26, 1981, submission deadline for proposals.

Most of the proposals that received passing scores from Panel II were then recommended for funding. These proposals were approved by the department director and the agency secretary and were reviewed by the Office of Refugee Resettlement.

#### Evaluation of the Selection Process

To evaluate the methodology used by the ORS for selecting social services providers, we reviewed a random sample of 60 proposals to see whether they were handled according to the screening and selection procedures established by the ORS. Our review showed that the ORS generally followed its provider selection procedures. Further, we found no inconsistencies between these procedures and the procedural requirements of the State Administrative Manual. Of the 60 proposals we reviewed, all late proposals were eliminated from the scoring process; all proposals submitted solely for mental health, social adjustment, or child care services were eliminated by Panel II; all remaining proposals that received a passing score from Panel I were scored by Panel II; and verbal comments were obtained by Panel II to evaluate the past performance of the federal fiscal year 1981 providers. Although verbal comments resulted in some scores being changed, no provider in our sample was eliminated on the basis of these comments.

The ORS informed us that verbal comments included quantifiable performance measures, such as the contracted number of refugees to be served and the percentage of refugees graduated and/or placed in jobs. However, while we determined that verbal comments were obtained and used, we were not able to verify that quantifiable measures were used in all cases. This is because the outline used by program monitoring staff did not specifically include quantifiable performance measures. Rather, the outline addressed program strengths and weaknesses. Further, notes taken by Panel II members from verbal comments did not always indicate that quantifiable measures of performance had been presented by the program monitoring staff. As a result, we could not verify that the past performance of providers was adequately evaluated.

#### CONCLUSION

Our review disclosed that the Office of Refugee Services generally followed its provider selection procedures, which included considering past performance when evaluating the previous year's providers. Further, we found no inconsistencies between these procedures and the procedural requirements of the State Administrative Manual. However, we could not verify that the ORS always used quantifiable measures in assessing the extent to

which these providers had met their contracted goals.  
As a result, we have no assurance that providers' past performance was adequately evaluated.

#### RECOMMENDATION

To ensure that the past performance of providers is adequately evaluated, we recommend that the ORS assure that quantifiable measures of provider performance are collected and used in the provider selection process.

## II

### ALLOCATION OF FEDERAL FUNDS TO SERVICE REGIONS

We were asked to describe the methodology used by the Office of Refugee Services to allocate federal funds to the State's 14 service regions. We were also asked to determine whether this methodology was consistently applied throughout the State.

Our review disclosed that the ORS allocated funds to the regions for contracts for employment-related services based on the number of refugees receiving cash assistance within each region and that this methodology was consistently applied throughout the State. However, during our review, we noted that the ORS did not allocate all of the available federal funds for contracts for employment-related services. These funds were not allocated because the ORS made a rounding error in its calculations. As a result, \$165,073 in available funds were neither allocated for contracts throughout the State nor used exclusively for employment-related services.

The total amount of federal funds that a service region receives is based on the number of refugees in that region who are receiving cash assistance. To determine whether the methodology used by the ORS to allocate federal funds to

service regions was consistently applied, we first calculated the percentage of refugees receiving cash assistance in each region. We then applied these percentages to the total federal funds available to determine the amount that should be allocated to each region. Our analysis indicated that the ORS consistently allocated federal funds to each service region based on the number of refugees receiving cash assistance within each region. For example, 27 percent of the refugee population in California receiving cash assistance is located within the Los Angeles service region. We found that the Los Angeles region appropriately received 27 percent of the total federal funds available.

However, during our review of the regional allocation process, we found that \$165,073 of the total federal funding available was not allocated for contracts for employment-related services because the ORS made a rounding error.\* This error amounts to 1.8 percent of the total funds available for social services contracts. In totaling the quarterly federal allocations, the ORS used rounded quarterly

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\* The funding amount available for the contracts is that amount of the total services allocation remaining after the county welfare departments have been reimbursed for Title XX-type services costs.



figures rather than actual quarterly figures. Therefore, the ORS allocated \$8.834 million instead of the \$8.999 million that was available for those contracts.

This calculation error was not discovered until after the funds had already been allocated to the service providers. Instead of reallocating these funds to the regions for contracts for employment-related services, the ORS used \$140,073 of the total to fund county welfare departments for providing Title XX social services to refugees.\* The remaining \$25,000 was used to fund one provider for a consulting contract to develop an employability assessment tool. The error would not have occurred and the reallocation would not have been necessary if the ORS had reconciled the quarterly federal allocations to the amount of funds to be allocated to each provider.

#### CONCLUSION

We found that the ORS allocated federal funds to service regions according to the number of refugees receiving cash assistance in each region. Further, we found that this methodology was consistently

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\* Title XX of the Social Security Act allows states to provide numerous services such as child protective services and employment education and training.

applied throughout the State. However, the ORS made a rounding error that resulted in \$165,073 in available funds that were neither allocated for contracts throughout the State nor used exclusively for employment-related services.

#### RECOMMENDATION

To ensure that calculation errors do not occur in the future, we recommend that the ORS use actual figures instead of rounded figures in calculating the quarterly allocations. We also recommend that the ORS reconcile the total federal allocation to the amount calculated by the ORS for regional distribution.

### III

#### ALLOCATION OF FUNDS TO SERVICE PROVIDERS

We were asked to describe the methodology used by the Office of Refugee Services to allocate federal funds to social service providers and to determine whether this methodology was consistently applied throughout the State. We were also asked to specify whether, in developing this allocation methodology, the ORS consulted with community agencies involved in refugee services.

We found that not always were there written procedures for allocating funds to individual service providers. In addition, ORS officials could neither provide us with specific criteria nor specify how various factors were weighted or ranked in allocating funds to providers. Consequently, we were unable to determine if the allocation methodology described to us was consistently applied throughout the State. Further, our review disclosed that the ORS did consult with community agencies in establishing funding levels for the various social services to be provided within the 14 service regions. We also found that the ORS was not always able to evaluate the cost effectiveness of the proposals from

service providers because some proposals lacked sufficient budget data. As a result, there is no assurance that funds were allocated to the most cost-effective providers.

#### Description of the Provider Allocation Process

The provider allocation process entailed three basic steps. In the first step, the ORS developed guidelines for setting the funding level of each service. Next, the ORS determined which providers would be funded for which services. Finally, the ORS allocated funds to the providers for the specific services. Because there were no written procedures for the last two steps, we interviewed ORS officials to obtain a description of these two steps. Briefly, the entire process is as follows.

The ORS developed guidelines for setting the funding level of each service to be provided to refugees. We found that in developing these guidelines, the ORS consulted with community agencies involved in refugee services throughout the State.\* According to these guidelines, each service received a

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\* ORS officials informed us that they also consulted with a State Advisory Council, which consists of providers, voluntary resettlement agencies, and representatives of local government.

percentage of the regional allocation. Health-related services received 10 percent; English-as-a-Second-Language, 15 percent; Vocational English-as-a-Second-Language, 15 percent; vocational training, 35 percent; and employment services, 25 percent.

Next, the ORS determined which providers would be funded for which services. In this process, the ORS attempted to ensure an integrated service delivery system in each region so that all services were available to as many ethnic groups as possible without duplicating the services provided. In geographically large regions, the ORS also tried to ensure that each service was offered by at least one provider in each subregion.

In some regions, providers met with one another before submitting proposals to the ORS and developed county or regional service delivery plans. These plans coordinated services in order to avoid duplication of effort by specifying which services each of the providers would offer. When possible, the ORS used these plans to select the services for which a provider would be funded.

Further, in determining which providers would be funded for which services, ORS officials stated that they considered such factors as the past experience of the provider, the quality and cost of the proposal, and the geographical area, ethnic group, and number of refugees to be served.

Finally, the ORS allocated funds to the providers for the specific service. Because of the limited funding, however, the ORS decided to fund providers for only six months during the 1982 federal fiscal year.

When allocating funds to providers, the ORS tried to adhere to the guidelines that it had developed to determine the funding levels for services within a region. In addition, ORS officials stated that they tried to fund all providers at one-half of the amount requested in the proposal; this was equivalent to full funding for a six-month period. If sufficient funds were not available to fund all providers at one-half of their request, the ORS attempted to fund small providers at one-half the proposed amount and at the same time fund large providers at a level that was sufficient to ensure that services could be adequately provided. If sufficient funds were not available to do this, the ORS determined how funds would be allocated to providers by considering the previously cited factors such as geographical area and number of refugees to be served.

## Evaluation of the Provider Allocation Process

ORS officials could not specify how various factors were weighted or ranked when determining which providers would be funded for which services and when allocating funds to social service providers. For example, ORS officials did not specify that a factor such as the past experience of a provider was given higher priority than a factor such as the cost of a proposal. Additionally, the criteria used to allocate funds to providers were not adequate because they were not specifically defined. For example, the ORS did not quantify absolute dollars or the amount that it considered to be sufficient to ensure that services could be adequately provided. Further, the ORS did not quantify in terms of provider size or proposal amount what it considered large and small providers.

Consequently, we could not determine whether the methodology used by the ORS to allocate funds to social service providers was consistently applied. For example, we were unable to make this determination in cases in which there was more than one proposal for a particular service in the same region. ORS officials stated that they did not develop written procedures for allocating funds to providers because they lacked the time to do so without disrupting services to refugees.

In addition, during our review we found that many of the proposals submitted by service providers did not contain budgets for specific service components as requested in the RFP. For example, a provider may have submitted a proposal for English-as-a-Second-Language, Vocational English-as-a-Second-Language, and employment services without specifying the individual costs of these services. Without such budgets, the ORS could not always evaluate the cost effectiveness of each proposal. As a result, there is no assurance that funds were allocated to the most cost-effective providers.

#### CONCLUSION

Because ORS officials could neither provide us with specific criteria nor specify how factors were weighted or ranked in allocating funds, we could not determine if the allocations to providers were consistently made. We noted that in developing the allocation methodology, the ORS did consult with some community agencies involved with refugee services.

In addition, our review showed that because of the lack of sufficient budget data in proposals submitted by providers, the ORS was not always able to evaluate



the cost effectiveness of these proposals. As a result, there is no assurance that funds are being allocated to the most cost-effective providers.

#### RECOMMENDATION

To ensure that the process for allocating funds to providers is consistently applied, we recommend that the ORS promulgate written policies and procedures governing the allocation of funds to service providers. These policies and procedures should include specific criteria and methods to weigh and rank these criteria for determining the providers to be funded and the funding level for each provider.

To ensure that funds are allocated to the most cost-effective providers, we recommend that the ORS require applicants to submit budgets for each service component that they offer and that the ORS include cost-benefit analyses in its allocation process.

#### IV

##### IMPLEMENTATION OF THE BUDGET CONTROL LANGUAGE

We were asked if the Office of Refugee Services provided clear and consistent guidance to providers throughout the State concerning the budget control language. Because of the complexity of this language, we concentrated our review on that portion of the language establishing the priority of refugees to be served.

We determined that the ORS did not always provide clear and consistent written guidance concerning the priority of the refugees to be served. Consequently, we found that some providers were confused about the policy of the ORS on refugees' eligibility for service. These providers stated that this confusion and lack of guidance resulted in vacancies in their refugee programs. In addition, we found that the ORS did not adequately pretest reporting forms related to the implementation of the budget control language. Some providers stated that completing these forms required staff to spend time that could have been used to provide refugee services. Better planning by the ORS in the implementation of the budget control language and the use of reporting forms could have resulted in more refugees receiving services.

Enactment of the 1981-82  
Budget Control Language

Because of its concern about the increasing number of refugees in California and the federal law limiting to 36 months the federal funds available for refugee services, the Legislature adopted new budget control language in the 1981-82 Budget Act. This language set the following restrictions on the use of federal funds for support services:

- The total allocation to a county welfare department in federal fiscal year 1982 for delivery of Social Security Act Title XX-type social services (e.g., child protective services and employment education and training) is not to exceed 35 percent of the total federal funds available for support services;
- Top priority in the use of the remaining funds shall be to provide employment, training, English-as-a-Second-Language, and other services pertaining to the employment-directed activities of refugees; and
- First priority for employment services, training, and English-as-a-Second-Language shall be given to employable adult refugees who have been in the United States for more than 36 months and who continue to or are likely to receive cash assistance. Second

priority shall be given to employable adult refugees who recently arrived in the country and who receive or are likely to receive cash assistance.

The control language also required the Department of Social Services to contract with other public and private nonprofit agencies to provide support services. The department was also required to establish an interagency agreement with the Employment Development Department to obtain information and statewide technical assistance, and, with the approval of the affected counties, to implement an Employment Preparation Program for refugees in two areas of the State.

ORS Guidance Concerning the  
1981-82 Budget Control Language

In September 1981, ORS officials met with providers of refugee services throughout the State and discussed the 1981-82 budget control language. The officials specified which categories of refugees were to receive services. The officials stated that they verbally instructed providers to give first priority to refugees who had been in the United States for over 36 months and who receive or are likely to receive cash assistance. These officials also stated that they instructed

providers to give second priority to newly arrived refugees who receive or are likely to receive cash assistance.\*

The ORS interpreted the budget control language as ensuring that the two top priority categories of refugees would be served first. ORS officials also interpreted the language as allowing the providers to fill any remaining vacancies in their programs with refugees who were not in the first two categories. However, despite giving verbal instructions to providers, the ORS did not distribute this interpretation in written form until October 26, 1981, nearly a month after the provider contracts took effect.

Because of the absence of written policy concerning the refugees who should be served, the providers we contacted were not consistent in their interpretations of the department's policy on filling remaining vacancies with nonpriority refugees. When they placed the top priority refugees into programs during October 1981, the providers found that there were not enough of these refugees to fill all the

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\* In the event that there are insufficient funds to serve these priority groups, the budget control language states that services shall be limited to the adult who is designated as the primary wage earner in the household. However, the budget control language does not state who should receive services in the event that there are more than sufficient funds to serve the priority groups.

available spaces. We learned that some providers were uncertain about whether they should maintain vacancies or place nonpriority refugees into their programs. Of the providers we contacted, the Northern California providers obtained additional information from the department regarding the implementation of the budget control language; however, the Southern California providers did not. The two providers we contacted in Northern California filled their program vacancies with refugees who were not from the priority groups, while three providers in Southern California refused service to these refugees, thus maintaining vacancies in their programs.

Further, three Southern California providers we contacted stated that they received specific instructions from the department stating that they should serve only priority refugees. As a result, they refused service to nonpriority refugees and maintained program vacancies. These providers continued to serve only priority refugees until October 28, 1981, when the ORS promulgated written policy concerning this issue. ORS officials stated, however, that they did not provide such instructions to the Southern California providers.

## ORS Use of Provider Reporting Forms

In late October 1981, the ORS specified two new types of forms that the Central Intake Units (CIUs) would be required to complete.\* The first form, a five-page "Services Application Intake Form," seeks, among other information, data necessary to implement the budget control language. This form must be completed for each refugee referred to a service provider by the CIU. The intake form contains information on the eligibility of the refugee and facilitates the assessment of the refugee's training needs. The second, a monthly reporting form, summarizes data from the intake forms.

Our examination determined that inadequate pretesting of the forms by the ORS resulted in the diversion of CIU professional staff time. This occurred because of the forms' complexity, because the forms requested possibly unnecessary data, and because providers were confused about how to complete the forms.

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\* Central Intake Units are usually the initial contact points for refugees seeking services under the Refugee Resettlement Program. CIUs are responsible for screening applicants for service priority, assessing refugees' service needs, and referring refugees to county welfare departments and service providers.

We contacted the staff at four CIUs to determine their ability to complete these forms. We found that CIU staff needed from 20 minutes to one hour to complete each intake form. Although the ORS intended that staff at any level should be able to complete the intake forms, three CIUs stated that professional staff were required to complete these forms because of their complexity. According to these providers, the use of professional staff to complete intake forms meant that these staff members had less time available to provide employment-related services to refugees.

We also found one instance in which a CIU did not have sufficient staff to complete the monthly reporting form. A CIU official stated that when the CIU received the monthly reporting forms in late October 1981, it stopped accepting any additional refugees into its programs because it had to use existing staff to meet the State's monthly reporting requirement. This CIU had already fulfilled its contractual program requirements.

Several CIU officials stated that the intake form asked for information they considered unnecessary. Other CIU staff members said that they did not understand how to complete certain parts of the monthly reporting form because of the form's lack of clarity.



ORS officials stated that because of time limitations and other program priorities, they could not fully pretest these forms. They also stated that the current forms were not intended to be permanent and that the ORS is currently seeking suggestions from the CIUs in an effort to revise the forms.

During our review, we also found that the ORS had not collected the intake forms completed by the CIUs even though the data from these forms was to be used in the ORS' information system. Further, the ORS directed the CIUs to fill out these forms retroactively for all refugees who were processed during October 1981; that is, before the CIUs had received the forms. Some CIU officials indicated that they are hesitant to spend the staff time necessary to complete the intake forms retroactively to October 1, 1981, until they are certain how this information will be used by the ORS.

ORS officials stated that they will eventually collect intake forms from the CIUs, enter the data from the forms into a computer system, and maintain a Refugee Management Information System. However, the officials stated that they will not include the information from the intake forms that are to be completed retroactively. This information will instead be summarized and provided to the ORS on the monthly reporting forms pending further implementation of the Refugee Management Information System.

## CONCLUSION

We found that because the ORS did not provide written guidance, some providers were confused by the ORS' interpretation of the budget control language concerning the priority of refugees to be served. We also found that the ORS did not adequately pretest its reporting forms. This lack of clear policy concerning the budget control language and the lack of adequate pretesting of forms contributed to vacancies in programs for refugees.

## RECOMMENDATION

To ensure that providers consistently interpret ORS policy, we recommend that the ORS provide clear and consistent written guidance to providers concerning this policy. We further recommend that the ORS adequately test its forms before using them.

MEASURABLE PROGRAM OBJECTIVES  
AND EVALUATION PROCEDURES

We were asked whether the Office of Refugee Services had set measurable program objectives and evaluation standards to assess the effectiveness of its program and its fiscal decisions. We limited our analysis to a review of the ORS' procedures for evaluating the performance of providers.

We found that while the ORS evaluated the performance of every provider for federal fiscal year 1981, these evaluations were not always complete. Consequently, the ORS could not accurately assess the effectiveness of the refugee program on a statewide basis. We also found that, for the current contract year, the ORS has increased its staff, improved its assessment procedures, and intends to implement additional procedures to assess provider performance and program effectiveness.

The ORS' primary method for evaluating provider performance for federal fiscal year 1981 was to conduct program and fiscal monitoring visits to providers. However, we learned that visits to contractors by program monitoring staff were primarily concentrated on problem providers and that staff visited some providers only once during the year.

In addition, we reviewed the federal fiscal year 1981 providers' monthly reports at one of the three program monitoring units in the State. At the time of our review, approximately half of the required monthly reports were missing from the contract files. The ORS staff stated that because they were understaffed, they neither tracked the reports nor analyzed them to further evaluate the performance of providers.

Because the ORS was unable to assess provider performance completely, it did not attempt to aggregate and analyze data on the performance of providers to assess the overall effectiveness of the program.

ORS officials cited staffing shortages as the primary reason why the ORS did not adequately assess the effectiveness of the program and the providers in the fiscal year. To correct these deficiencies and to manage more effectively its three programs, the ORS increased its staff positions in its three bureaus from 17 in January 1981, to 46 in November 1981. The Program Monitoring Bureau, for example, increased its staff from 5 to 13 professional positions during this period.

The ORS has also taken the following actions to assess the effectiveness of the program and the providers:

- Modified its program monitoring guides to assess more accurately the performance of providers. The ORS has increased the budget of its Program Monitoring Bureau to enable staff to visit each provider on the average of every six weeks; and
- Established new report tracking procedures and modified the monthly reports required from providers to ensure that objective data is collected for analysis.

In addition, ORS officials said that they intend to take the following actions to assess the effectiveness of the program and the providers:

- Collect provider performance data at the regional and state levels to facilitate overall assessment of the program; and
- Develop new procedures for monitoring the monthly expenditures of providers to identify cost-overruns and accruals and to measure and compare the cost-effectiveness of providers for the same services.

The above actions can contribute to a more accurate assessment of the effectiveness of the program and the performance of the providers. However, until such plans are implemented, there is no assurance that the objectives and goals of the program are being met.

### CONCLUSION

Our review found that the ORS had not adequately assessed the performance of the program or the providers for federal fiscal year 1981. However, for federal fiscal year 1982, the ORS has planned or initiated actions to assess the effectiveness of the refugee program and its providers. If the ORS' intentions are put into practice, the ORS will be able to assess the effectiveness of the program and the service providers on a regional and a statewide basis. Until these plans are implemented, however, there is no assurance that the objectives and goals of the program are being met.

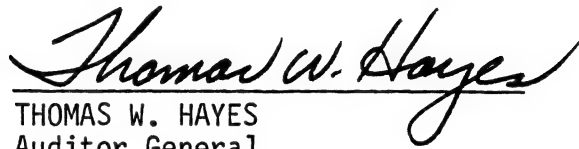
## RECOMMENDATION

To ensure that the ORS implements its provider and program assessment measures, we recommend that the Department of Social Services provide the Legislature with a report by June 30, 1982, that addresses, but is not limited to, the following:

- Use of monthly reports in assessing the performance of providers;
- Collection of monthly reports to assess the effectiveness of the program throughout the State;
- Implementation of new procedures for monitoring providers' monthly expenditure claims;

- Implementation of new procedures for measuring and comparing the cost effectiveness of providers; and
- Timeliness of program monitoring visits.

Respectfully submitted,

  
THOMAS W. HAYES  
Auditor General

Date: January 22, 1982

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DEPARTMENT OF SOCIAL SERVICES

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January 21, 1982

Mr. Thomas W. Hayes, Auditor General  
Office of the Auditor General  
660 J Street, Suite 300  
Sacramento, CA 95814

Dear Mr. Hayes:

Thank you for the opportunity to comment on the draft of your report entitled, "The Department of Social Services' Refugee Resettlement Program: Response to Questions Posed by the Legislature." This letter is to summarize our positions on the issues raised in your report and to transmit our formal response and supportive documentation for our position.

As shown in your report, our primary problems in dealing with refugee resettlement emanate from the sporadic and insufficient level of federal funding as well as a severe staffing shortage in our Office of Refugee Services (ORS) over the past 18 months.

Your report concludes that the process the Department followed for selecting supportive services providers adhered to all legal requirements and was applied consistently. Also, you have appropriately recognized the need for us to gather and maintain program data in order to be able to ensure program objectives are met and to be able to respond to legislative inquiries for information as well as to meet reporting requirements.

We appreciate your awareness of the timing of events surrounding the award of services contract for Federal Fiscal Year (FFY) 1982. The federal award which allowed us to contract for FFY 1982 was not received in this Department until September 16, 1981. In order to ensure services were not interrupted and current contracting agencies were not forced to go out of business for lack of funds, all contracts had to be negotiated prior to October 1, 1981. Concurrent with new contracts being negotiated, a centralized service delivery system was implemented for the first time, along with expanded controls and reporting systems and eligibility determination processes as required by Budget Control Language. Therefore, we had to choose between fully documenting every step/action or ensuring disruption of services did not occur. We chose the latter.

Given all the uncertainties and rapid changes in this program, the State of California is fortunate in that the providers contracting with this Department to provide services to refugees are extremely dedicated to refugee resettlement. Without the understanding and flexibility of the provider community, it would be impossible to operate the Refugee Resettlement Program.

We would have hoped that more emphasis would have been placed on many problems faced in such an atmosphere. In particular, your report did not consider that most of these problems are to be expected in starting up new systems and implementing new reporting requirements; and, thus, are not unique to the Refugee Resettlement Program.

It appears from your report that DSS was not successful in effectively communicating information to you regarding actions taken by this Department to implement the Budget Control Language and the processes surrounding the RFP negotiations and awards. During this initial phase of program implementation, basic inaccuracies in the assumptions made by the Legislature and DSS relative to the availability of funds to serve nonpriority clients were identified, and action was immediately taken to deal appropriately with the situation. As we stated during the audit, the system for the delivery of services is in a test phase and is expected to undergo some revision. There is an inherent need for flexibility in this program in order to address both regional and local program priorities and concerns. You could not verify that specific criteria were used in all funding award decisions. However, we tried to explain that a set of very specific criteria was used but that such criteria had to be adjusted according to the individual needs in each of the 14 regions. Even though we realize that the process was not well documented in our office files, we believe that our process was reliable. In addition, we disagree with the reasons you gave for vacancies in the training slots for refugees in the currently funded projects.<sup>1/</sup>

As we expressed at the exit conference, there are two areas in the report that are of particular concern to DSS. Your report indicates that: (1) the past program performance of providers was not adequately evaluated in terms of measurable, quantifiable goals and objectives; and, (2) DSS was not able to evaluate the cost effectiveness of proposals under consideration due to insufficient budget data submitted by the prospective bidders. According to our analysis, in 98 percent of the cases, past performance of providers was evaluated in measurable terms based either upon verbal comments by program monitoring staff or specific information included in the proposals.<sup>2/</sup> Also, 93 percent of the proposals awarded contracts either contained specific service component budgets or had sufficient budget/personnel information to adequately break out the respective costs for each service component.<sup>3/</sup>

While we cannot concur with all of the findings of your review, we agree with your conclusion that once we fully implement the program plan we have initiated, all issues and concerns raised in your report will be adequately addressed.

Sincerely,



MARION J. WOODS  
Director

Attachment

## I. Methodology for Selecting Providers

We take exception to your findings that you could not verify that quantifiable measures were used by DSS when evaluating providers' past performance. Your findings were based on your review of outlines used by field staff from which to present verbal statements and notes taken by Panel II members from verbal comments.

Prior to further discussion of these findings, it is necessary to point out that: (1) your finding failed to take into consideration information contained in the RFP relative to quantifiable information on past performance which was used by Panel II in their evaluations; and, (2) that verbal comments mentioned in your report were provided to Panel II by the Sacramento and Los Angeles field staff in those field offices where they had access to, and use of provider files and reports when discussing program performance. All program staff who commented on provider performance, except those from the San Francisco field office had and used provider files during verbal input. Only the San Francisco program staff used outline notes since they were required to provide their input in the Sacramento office of ORS. DSS staff have now reconstructed the provider performance evaluation process and reviewed all written records pertaining to that process. We have determined that quantifiable measures were used.

The process and records reviewed were as follows: The RFP issued on April 27, 1981 included selection and award criteria which heavily weighted (40 percent) prior performance and experience. DSS developed the award criteria with input from the local provider community through the State Advisory Council (SAC). Those criteria were reviewed and approved by the Health and Welfare Agency and the federal Office of Refugee Resettlement (Region IX).

In the instructions included in the RFP and bidders meeting held by DSS, prospective providers received a copy of the award criteria (Attachment A).<sup>4/</sup>As a result, most prospective providers included information relative to past performance in their proposals.

The actual review and evaluation process of the proposals by Panels I and II included a close review of that category. Each Panel was given written instructions on how to proceed with that evaluation. (See Attachment B).<sup>4/</sup> Consequently, all providers' proposals were evaluated based on the providers' own statements and data on program performance contained in their proposals.

The information in the proposals on past program performance was then evaluated in conjunction with verbal program and fiscal testimony. Using the above process in concert, we believe that whether or not a current services provider had met contract goals and objectives was quantifiably measured through either specific statements by program monitors or through confirmation by the program monitors that statements made by the bidder in the proposal were accurate. Written documentation is available in all but two cases.

### AUDITOR GENERAL NOTE:

<sup>4/</sup>The Department of Social Services provided additional documents with this response. These documents are available upon request.

AUDITOR GENERAL'S RECOMMENDATION

To ensure that the past performance of providers is adequately evaluated, we recommend that the ORS assure that quantifiable measures of provider performance are collected and used in the provider selection process.

DSS RESPONSE

ORS will continue to use quantifiable measures of provider performance and will document the results of each step.

## II. Allocation of Federal Funds to Service Regions

As indicated in your report, in calculating the total FFY 1981 funds available for refugee services including purchase-of-services agreements, interagency agreements, and CWD Title XX-type services, a rounding error of \$165,073 (less than eight percent of the total services allocation) was made. When this error was discovered (after ORS had completed the allocation of funds to service providers) consideration was given to distributing the \$165,073 among funded providers in the 14 regions in accordance with the allocation formula. But the Department determined that the \$165,073 could be better utilized by allocating \$140,073 to meet an anticipated shortfall in funding for CWDs to provide Title XX-type services, including employment-related services, to refugees during FFY 1981. At this point, this appears to have avoided a potential deficiency which would have necessitated DSS to request the Legislature to appropriate General Fund monies. The other \$25,000 was used to fund the development of an employability assessment tool to be used statewide by service providers.

### AUDITOR GENERAL'S RECOMMENDATION

To ensure that calculation errors do not occur in the future we recommend that the ORS use actual figures instead of rounded figures in calculating the quarterly allocations. We also recommend that the ORS reconcile the total federal allocation to the amount calculated by the ORS for regional distribution.

### DSS RESPONSE

While the Department, of course, concurs that the rounding error should not have occurred, it involved a relatively small portion (0.8 percent) of the state's total \$20,065,073 FFY 1981 allocation for refugee services. Although the resulting \$165,073 was not distributed to contractors statewide, it was used primarily for employment-related services. It must also be recognized that the amount of funds available for employment-related services contracts is the amount "leftover" after funding CWD Title XX-type services.

### III. Allocation of Funds to Service Providers

#### A. Use of Specific Criteria

Even though specific written procedures were not developed for the process of awarding particular funding amounts to individual service providers within a given region, various factors were always considered. These factors included: range of services; ethnic groups; geography; and, available funds. These factors can only be considered within the constraints of those proposals that were successful in the RFP process. In addition, these factors cannot be equally considered/weighted within a region or among regions. For example, a full range of services can only be funded if bidders requesting to provide all services were successful - services cannot be funded if not proposed. Secondly, most bidders proposed to serve only Indochinese refugees even though the Refugee Act of 1980 extended eligibility to receive supportive services to all refugee groups. DSS attempted to fund successful bidders in such a way as to serve as many ethnic groups as possible. Thirdly, geography became an important consideration in certain regions such as Los Angeles where refugees are concentrated in various areas that are often so distant from each other that services are needed in each "subregion". Geography is not a critical factor in small regions (in terms of geographic area) such as San Francisco or in regions where the refugee population is closely located in relatively small areas such as Sacramento, Stockton, Santa Rosa, etc. It would be impractical and inequitable to evenly weight the above factors. DSS must have the flexibility to address local concerns and fund services in direct relation to local need.

#### B. Cost Benefit Analysis

With regard to proposals lacking sufficient budget data and the accompanying confusion of the cost effectiveness analysis, it was decided that such proposals could not be rejected because to do so would have produced serious gaps in service coverage. Of the providers awarded contracts, 37 proposals (66.1 percent) contained component budgets; 15 proposals (26.8 percent) contained sufficient information to determine the costs of each service component; and, only four proposals (7.1 percent) lacked the detailed information for component cost determination. Therefore, of the 56 proposals that were funded, 52 (93 percent) could be--and were--evaluated in terms of cost effectiveness. Component budgets were absolutely required for contract negotiations and are indeed part of all current contracts so that the cost effectiveness of actual projects can now be ensured.

#### AUDITOR GENERAL'S RECOMMENDATION

To ensure that the process for allocating funds to providers is consistently applied, we recommend that the ORS promulgate written policies and procedures governing the allocation of funds to service providers. These policies and procedures should include specific criteria and methods to weight and rank these criteria for determining the providers to be funded and the funding level for each provider.

To ensure that funds are allocated to the most cost-effective providers, we recommend that the ORS require applicants to submit budgets for each service component that they offer and that the ORS include cost-benefit analyses in its allocation process.

#### DSS RESPONSE

Written procedures for the allocation of funds to specific providers have been developed and attention to documentation will be increased.

This year's RFP required component budgets. Although it was difficult for DSS to analyze cost effectiveness because not all bidders complied with these requirements, fortunately sufficient information was submitted to perform a detailed cost benefit analysis. In the future, DSS will endeavor to enhance our capability to analyze proposals and projects for cost benefit by strengthening our requirement for budgetary information.

#### IV. Implementation of the Budget Control Language

##### A. Priority for Services

The Report indicates that ORS did not provide written guidance to providers on how to interpret the Budget Control Language (BCL) with respect to priority eligibility for services until October 26, 1981, and that this lack of guidance resulted in vacancies in some services programs.

As we explained to the audit team, written policy interpreting the BCL was sent to providers in September 1981, as part of their contract award notices. While this information did not specifically state that vacancies could/should be filled with "nonpriority" refugees, it did not preclude such nor was it ever our intent to maintain vacancies. More specific policy clarification was issued (on October 26, 1981) once it became evident that there were not sufficient numbers of time-expired and newly-arrived refugees to fill all the services slots.

In passing the BCL, the Legislature had assumed there would be insufficient funds to serve all refugees; and, therefore, required DSS to give priority for services to time-expired and newly-arrived individuals. In late July, the ORS initiated a survey to obtain information from service providers on the impact of the BCL. However, providers' existing case records did not contain the necessary data to conduct such an analysis.

In mid-September, meetings were held with successful bidders in Garden Grove, San Francisco, and Sacramento. Questions arose regarding eligibility categories relative to carry-over and previously enrolled students. It was suggested that current enrollees be assessed as to their time-expired or newly-arrived status and data be given to ORS. Since information did not exist to contradict the Legislature's initial assumption, discussion centered on the potential lack of funding to serve all refugees and the perceived need to limit services to clients in priority categories.

It was not until late September and early October that assessments began to indicate that the assumption should be reexamined. At a September 23, 1981 meeting of Los Angeles central intake providers, it was reported that less than 20 percent of the clients were time-expired or newly arrived. At that meeting, ORS staff instructed the providers that no one should be excluded from service. As inquiries were received during October, ORS staff continued to instruct providers to fill vacancies with nonpriority refugees if there were insufficient priority candidates. At no time were providers told to maintain vacancies.



## B. Forms and Reporting

Your report indicates that ORS did not adequately pretest the provider reporting forms, providers were confused about how to complete the forms, some of the information requested appeared "unnecessary", services were reduced as resources were diverted to complete forms, and some vacancies resulted from confusion regarding the forms.

It would have been desirable to develop, test, and define the reporting forms prior to October 1, 1981 when the contracts became effective. However, we did not receive confirmation from the Legislature on interpretation of the BCL until August 17, 1981. This interpretation was critical to the design of the services intake and delivery systems and reporting forms. By the time we received this confirmation, staff resources were devoted to completion of the RFP process. The intensive effort needed to design the system and forms could not be undertaken until October. In response to concerns raised by service providers, interim forms were developed and released as quickly as possible. Of primary concern was the need for a uniform system to determine eligibility (required by the BCL) and to obtain consistent data to meet federal and state reporting requirements. When the forms were first introduced, ORS staff conducted three training workshops for providers which covered specific, line-by-line instructions on completion of the forms (October 28-30, 1981).

It was decided to use the first three months of the contract period as a test phase, recognizing that adjustments would be needed. The test period is now complete and we are currently evaluating and revising the forms. An in-house ORS task force convened January 11-15 to begin the revision based on provider input. A provider task force to be selected by the California State Forum will meet the last week of January to assist in the revision process.

### AUDITOR GENERAL'S RECOMMENDATION

To ensure that providers consistently interpret ORS policy, we recommend that the ORS provide clear and consistent written guidance to providers concerning this policy. We further recommend that the ORS adequately test its forms before using them.

### DSS RESPONSE

The Department concurs with these recommendations, and has already provided specific, written policy clarification to providers and will continue to do so as additional issues arise.

Whenever possible, we will test forms before they are implemented. However, as explained in our comments, immediate systems and information needs may require us to simultaneously test and implement forms on an interim basis.

## V. Measurable Program Objectives and Evaluation Procedures

Your report indicates that the ORS had not adequately assessed provider performance during Federal Fiscal Year 1981. Program and fiscal monitoring visits were conducted to evaluate provider performance. These monitoring visits may not have been adequately documented, but all providers were evaluated during Federal Fiscal Year 1981.

### AUDITOR GENERAL'S RECOMMENDATION

To ensure that the ORS implements its provider and program assessment measures, we recommend that the Department of Social Services provide the Legislature with a report by June 30, 1982, that addresses, but is not limited to, the following:

- Use of monthly reports in assessing the performance of providers;
- Collection of monthly reports to assess the effectiveness of the program throughout the state;
- Implementation of new procedures for monitoring providers' monthly expenditure claims;
- Implementation of new procedures for measuring and comparing the cost effectiveness of providers; and
- Timeliness of program monitoring visits.

### DSS RESPONSE

We concur with the recommendations and have taken steps, as pointed out in your report, to effectively monitor and evaluate current providers. Procedures have been, or are currently being, implemented.

As you recommended, we will provide the Legislature with a comprehensive report by June 30, 1982 on our efforts to implement evaluative tools.

### AUDITOR GENERAL NOTES:

- 1/ We make no conclusion about the causes of vacancies. As cited on page 31, we report provider statements concerning vacancies in training slots for refugees. Additionally, in the same paragraph, we note the department's disagreement with these statements.
- 2/ On page 10, we state that we could not verify that the ORS always used quantifiable measures to evaluate providers' past performance. Moreover, in developing its percentage, the department is relying on data in provider proposals without independently verifying the accuracy of such data.
- 3/ On page 20, we state that the ORS was not always able to evaluate the cost effectiveness of the proposals from service providers because some proposals lacked sufficient budget data. Our review of the selected proposals revealed that in approximately one-third of the cases, component budget data was not available. Further, because of a lack of documentation, we could not verify that service component budgets were constructed and that their cost effectiveness was considered.

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps